

Model Policy on Bank Deposits

Preamble

One of the important functions of the Bank is to accept deposits from the public for the purpose of lending. In fact, depositors are the major stakeholders of the Banking System. The depositors and their interest form the key area of the regulatory framework for Banking in India and this has been enshrined in the Banking Regulation Act, 1949. The Reserve Bank of India is empowered to issue directives/advice on interest rates on deposits and other aspects regarding conduct of deposit accounts from time to time. With liberalisation in the financial system and deregulation of interest rates, Bank are now free to formulate deposit products within the broad guidelines issued by RBI.

This policy document on deposits outlines the guiding principles behind formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of the Accounts. The document recognises the rights of the depositors and aims at dissemination of information with regard to various aspects of acceptance of deposits from the members of the public, conduct and operations of various deposit accounts, payment of interest on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc., for the benefit of customers. It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness among customers of their rights. The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand.

While adopting this policy, the Bank reiterates its commitments to individual customers outlined in the Code of Bank's Commitment to Customers adopted by the banks. This document is a broad framework under which the rights of common depositors are recognised. Detailed operational instructions on various deposit schemes and related services are being issued from time to time.

1. Types of Deposit Accounts

While various deposit products offered by the Bank are assigned different name, the deposit products can be broadly categorised into the following types. Definition of major deposit schemes are as under:

- i. 'Demand deposit' means a deposit received by the bank which is withdrawable on demand.
- ii. 'Savings deposit' means a form of demand deposit which is subject to restrictions as to the number of withdrawals as also the amount of withdrawals permitted by the Bank during any specified period.
- iii. 'Term deposit' or 'Fixed Deposit' means a deposit received by the bank for a fixed period withdrawable normally after the expiry of the fixed period.
- iv. 'Current Account' means a form of demand deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and will also include other deposit accounts which are neither Savings Deposit nor Term Deposit.
- v. Floating Rate Deposits are external - Benchmark (e.g. MIBOR) - linked deposits booked with contract rates which are linked to a benchmark floating rates. For MIBOR linked deposits, the interest rates get reset daily given the benchmark is overnight MIBOR. As per RBI guidelines, the minimum deposit tenure is 7 days. If any deposit is withdrawn before 7 days, then bank would not be liable to pay any interest on the same. Currently this is offered to Corporate Banking customers.

2. Account Opening and Operation of Deposit Accounts

- A. The Bank before opening any deposit account will carry out due diligence as required under the RBI Master Direction 'Know Your Customer' (KYC) direction guidelines issued by RBI and Prevention of Money Laundering Act - PMLA and or such other norms or procedures as per the Customer Due Diligence (CDD) Line of business procedures and Anti Money Laundering policy.

If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening the account will be informed to him and the final decision of the bank will be conveyed at the earliest to him.

- B. The Bank is committed to provide basic banking services to disadvantaged sections of the society. Banking services will be offered to them through Basic Savings Bank Deposit Accounts (BSBDA) and accounts will be opened with relaxed customer acceptance norms as per regulatory guidelines.
- C. The account opening forms and other material would be provided to the prospective depositor by the Bank. The same will contain details of information to be furnished and documents to be produced for verification and or for record. The Bank official opening the account will explain the procedural formalities and provide necessary clarification sought by the prospective depositor when he approaches for opening a deposit account.

- D. Customer also can avail other banking product services offered by bank on time to time like:
- Debit card - Bank issues Debit cards to customers having Saving Bank/Current Accounts.
 - Mobile and Internet Banking - Bank formulates the easy registration process which could be varied across the Banks where mobile number is either registered with the Bank or is not available. Bank shall seek prior one-time approval from Reserve Bank of India before offering such services to customers. Approval of the Board of Directors (Local Board in case of foreign banks) for the product, as also the perceived risks and mitigation measures proposed to be adopted must be obtained before launching the scheme. Bank will place per transaction limits based on their own risk perception.
- Bank will place per transaction limits based on their own risk perception with the approval of its Board.
- E. The regulatory guidelines require bank to categorise customers based on their assessment and risk perception and prepare profiles of customers for the purpose of transaction monitoring. Inability or unwillingness of a prospective customer to provide necessary information/details could result in the bank not opening an account.
- F. Inability of an existing customer to furnish details required by the Bank to fulfil statutory obligations could also result in closure of the account after due notice(s) is provided to the customer.
- G. For deposit products like Savings Bank Account and Current Deposit Account, the bank will normally stipulate certain minimum balances (except Basic Savings Bank Deposit Account (BSBDA) and Basic Savings Bank Deposit (BSBD) Small Accounts to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain minimum balance in the account will attract levy of charges as specified by the bank from time to time. For Saving Bank Account, the Bank may also place restrictions on the number of transactions, cash withdrawals, etc. during given period.
- Similarly, the Bank will specify charges for issuance of cheque books, additional statement of accounts, duplicate passbook, folio charges, etc. All such details regarding terms and conditions for operation of the account and schedule of charges for various services provided will be communicated to the prospective depositor while opening the account.
- H. Savings Bank Accounts can be opened for eligible person/persons and certain organizations/agencies as advised by Reserve Bank of India from time to time in its Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016
- I. Current Accounts can be opened by individuals/partnership firms/Private and Public Limited Companies/HUFs/Specified Associates/Societies/Trusts, Departments/Authority created by Government (Central or State), Limited Liability Partnership, etc.
- J. Term Deposits Accounts can be opened by individuals/partnership firms/Private and Public Limited Companies/HUFs/Specified Associates/Societies/Trusts, Departments/Authority created by Government (Central or State), Limited Liability Partnership, etc.
- K. The due diligence process, while opening a deposit account will involve satisfying about the identity of the person via verification of the Proof of Identity & address, satisfying about his occupation and source of income. Obtaining recent photograph of the person(s) opening/operating the account are part of due diligence process.
- L. In addition to the due diligence requirements, under KYC RBI Master direction, the Bank is required to obtain Permanent Account Number (PAN) or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act/Rules.
- M. Deposit accounts can be opened by an individual in his own name (known as account in single name) or by more than one individual in their own names (known as Joint Account).
- N. Operation of Joint Account – The Joint Account opened by more than one individual can be operated by single individual or by more than one individual jointly. The mandate for operating the account can be modified with the consent of all accountholders. The Savings Bank Account opened by minor jointly with natural guardian/guardian can be operated by such guardian only.
- O. The joint accountholders can give any of the following mandates for the disposal of balance in the above accounts:
- i. **Either or Survivor:** If the account is in the name of two individuals says, A and B, the final balance along with interest, if applicable, will be paid to either of accountholders i.e. A or B, on date of maturity or to the survivor on death of any one of the accountholders.
 - ii. **Anyone or Survivor:** If the account is in the name of two or more individuals say, A, B and C, the final balance along with interest if applicable, will be paid to any of accountholders i.e. A or B or C, on the date of maturity. On the death of any one of accountholder say A, the final balance along with interest if applicable, will be paid to any two of the surviving accountholders i.e. B or C. On the death of any two of

accountholder say, A and B, the final balance along with interest if applicable, will be paid to surviving accountholder i.e. C.

- iii. **Former or Survivor:** If the account is in the name of two individuals say, A and B, the final balance along with interest, if applicable, will be paid to the former i.e. A on date of maturity and to the survivor on death of anyone of the accountholders.
- iv. **Later or Survivor:** If the account is in the name of two individuals say, A and B, the final balance along with interest, if applicable, will be paid to the latter i.e. B on date of maturity and to the survivor on death of anyone of the accountholders.

The above mandates will be applicable to or become operational only on or after the date of maturity of term deposits. This mandate can be modified by the consent of all the accountholders.

Now if the joint depositors prefer premature withdrawal of deposits in accordance with the mandate of 'Either or Survivor', 'Anyone or Survivor' or 'Former or Survivor', bank may allow premature withdrawal of term deposits to the surviving depositor(s) as per the deceased depositor policy of the bank.

At the request of the depositor, the Bank will register mandate/power of attorney given by him authorising another person to operate the account on his behalf.

- P. The term deposit accountholders at the time of placing their deposits can give instructions with regards to closure of deposit account or renewal of deposit for further period on the date of maturity.
- Q. In case of absence of any instruction, deposits will be treated as an auto renewal deposit and would be renewed for a similar period as that of matured deposit.
- R. Nomination facility is available on all deposit accounts opened by individuals. Nomination is also available to an account opened by a sole proprietor. Nomination can be made in favour of one individual only. Nomination so made can be cancelled or changed by the accountholder(s) any time. While making a nomination, cancellation or change thereof, it is required to be witnessed by a third party if the accountholder is illiterate. Nomination can be modified by the consent of accountholder(s). Nomination can be made in favour of a minor also. In such cases at the time of making nomination, depositor has to give a name of person (called appointee) who is a major and will receive the amount of deposit on behalf of the nominee in the event of death of the accountholder during the minority of the nominee.
- S. Bank recommends that all depositors avail of the nomination facility. The nominee, in the event of death of the depositor(s), would receive the balance outstanding in the account as a trustee of the legal heirs. The depositor will be informed of the advantages of the nomination facility while opening a deposit account.
- T. A statement of account will be provided by the Bank to Savings Bank as well as Current Deposit Accountholders periodically as per terms and conditions of opening of the account.

Alternatively, the Bank provides the passbook facility to Savings Bank account holders upon request.
- U. The deposit accounts may be transferred to any other branch of the Bank at the request of the depositor.

3. Extension of Alternate Delivery Channels to Savings Bank and Current Deposit accountholders

The Bank offers choice of electronic/digital channels to customers for conducting their banking transactions. The choice of electronic channels includes ATM, Internet Banking, mobile banking including SMS banking facility and PhoneBanking.

Wherever such electronic facilities are offered as a part of the basic account/product, bank will obtain specific consent of the customers after explaining the risk associated for availing the facility.

4. Interest Payments

- I. Interest is being paid on savings bank account at the rate specified by the Reserve Bank of India directive from time to time. In terms of RBI directives dated 3.3.2016, The interest on domestic rupee savings deposit accounts are calculated on the daily product basis and as per the periodicity decided by the Bank.
- II. However term deposit interest rates are decided by the bank within the general guidelines issued by the Reserve Bank of India from time to time. In terms of RBI directives Interest is calculated at quarterly intervals on term deposits and paid at the rate (or spread in case of floating rate deposits) decided by the Bank depending upon the period of deposits. Interest on deposits repayable for less than 3 months or where the terminal quarter is incomplete, interest shall be paid proportionately for the actual number of days reckoning the year at 365 days. In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at discounted value.
- III. The rate of interest on deposits will be prominently displayed in the branch premises. Changes, if any, with regard to deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed.

- IV. The Bank has statutory obligation to deduct tax at source if total interest paid/payable on all term deposits held by a person exceed the amount specified under the Income Tax Act. The Bank will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The depositor, if entitled to exemption from TDS can submit declaration in the prescribed format at the beginning of every financial year.
- V. For Foreign Currency Non-Resident (FCNR(B)) deposits, the rates are based on margin specified by RBI over corresponding Overnight Alternative Reference Rate (ARR) for individual currency on the last working day of the previous month.

These interest rates are revised in the beginning of each month or as and when RBI changes the margin for the above deposits.
- Vi. Minimum tenors on NRE and FCNR (B) Term Deposits will be in accordance with the prevailing RBI rules at any point of time. Interest on Non Resident External (NRE) Deposits and Foreign Currency Non Resident Term Deposits (FCNR (B)) is currently not subject to tax deduction at source as per the prevailing Reserve Bank of India guidelines and the Income Tax Act.

5. Minors' Accounts

Saving Bank accounts and Term Deposit Accounts can be opened in the name of minor (known as Minor's Account) by natural guardian or guardian appointed by court (legal guardian).

Savings Bank Account or Term Deposit Account can also be opened in the name of a minor jointly with natural guardian or with mother as the guardian (known as Minor's Account) or jointly with a major, where minor is represented by natural guardian.

Bank offers Debit Cards to minors above the age of 10 years.

KYC norms and due diligence of minor should be ensured while opening and operating these accounts.

On attaining majority on the same day account should be inoperative till the time customer converts the minor account to major with required KYC documents. Thus, bank should initiate the prior communication to Minor accounts that would attain to majority. The erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian/guardian, fresh specimen signature of the erstwhile minor duly verified by the natural guardian would be obtained and kept on record.

6. Account of Illiterate Persons

The Bank may at its discretion open deposit accounts other than Current Accounts of an illiterate person. The account of such person may be opened provided he/she calls on the Bank personally along with a witness who is known to both the depositor and the Bank. Normally, no cheque book facility is provided for such Savings Bank Account. At the time of withdrawal/repayment of deposit amount and/or interest, the accountholder should affix his/her thumb impression or mark in the presence of the authorised officer who should verify the identity of the person. The Bank will explain the need for proper care and safe keeping of the passbook, etc. given to the accountholder. The bank official shall explain the terms and conditions governing the account to the illiterate person.

7. Account of Visually Challenged Persons

Bank will facilitate opening of Saving Bank accounts as well as Term Deposit accounts of persons with visual impairment.

Such accounts will be operated by the accountholder personally. Cheque book facility will be made available. Such Account holders will have to be present before the branch official and affix thumb impression and they will be identified through their photograph to facilitate operations. Bank is also committed in introducing technology banking facilities progressively via ATM and Internet/Mobile Banking in keeping with the availability of supporting technology which will enable visually challenged persons to operate their own accounts.

8. Account of persons with autism, cerebral palsy, mental retardation and multiple disabilities Savings bank and term deposits can also be opened in the name of persons with autism, cerebral palsy, mental retardation and multiple disabilities by the legal guardian appointed by the District Court under Mental Health Act, 1987 or by the Local Level Committees set up under the National Trust for welfare of persons with autism, cerebral palsy, mental retardation and multiple disabilities under Disabilities Act, 1999. Legal guardian, so appointed, will furnish an indemnity-cum-undertaking bond duly stamped as per the local law in force along with Guardianship Certificate.

9. Addition or Deletion of the Name(s) of Joint Accountholders

The Bank may at the request of all the joint accountholders allow addition or deletion of name(s) of joint accountholder(s) if the circumstances so warrant or allow an individual depositor to add the name of another person as a joint accountholder.

10. Customer Information

The customer information collected from the customers shall not be used for cross selling of services or products by

the Bank, its subsidiaries and affiliates. If the Bank proposes to use such information, it should be strictly with the consent of the accountholder.

11. Secrecy of Customer's Accounts

The Bank shall not disclose details/particulars of the customer's account to a third person or party without the expressed or implied consent from the customer. However, there are some exceptions, viz. disclosure of information under compulsion of law, where there is a duty to public to disclose and where interest of the Bank requires disclosure.

12. Premature Withdrawal of Term Deposit

The Bank, on a request from the depositor, will allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. The Bank shall make depositors aware of the applicable rate along with the deposit rate. The Bank shall declare their penal interest rates policy for premature withdrawal of term deposit.

13. Premature Renewal of Term Deposit

In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the Bank will permit the renewal at the applicable rate on the date of renewal, provided the deposit is renewed for a period longer than the balance period of the original deposit. While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the Bank will be paid at the rate applicable on the date of deposit to the period for which the deposit remained with the bank and not at the contracted rate. Further the Bank may levy penalty for pre-mature closure of an existing deposit at such rates as may be decided by the Bank from time to time.

14. Renewal of Term Deposits

Depositors can give instructions at the time of opening the account for payment of maturity proceeds to their accounts or by Demand draft or for renewal of the deposit for the period of their choice. In the absence of any instructions from customer, the Bank will renew the deposit on due date for the same period for which the matured deposit was placed. If request for renewal is received after the date of maturity, such deposits will be renewed with effect from the date of maturity at interest rate applicable as on due date, provided such request is received within 14 days from the date of maturity. In respect of request received after 14 days from the date of maturity, interest for the overdue period will be paid at the rates decided by Bank from time to time.

Interest on overdue Domestic Deposits: If a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

15. Advance against Deposits

The Bank offers, upon request of the depositor(s) loan/overdraft facility against term deposits after execution of necessary security documents.

A Resident Indian of a minimum of 18 years of age can avail of the facility. The minimum fixed deposit value that is eligible for the facility is as defined in the Bank's website under the facility.

An existing savings account can be converted into the facility subject to the fulfilment of specific documentary requirements applicable to the facility".

16. Settlement of Dues in Deceased Depositor(s) Account

- i. Bank will follow a simplified procedure for settlement of accounts of deceased accountholders. The claims in respect of deceased depositors and release of payments to survivor(s)/nominees will be made within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claimant(s) to the Bank's satisfaction.
- ii. If the depositor has registered a nomination with the Bank – the balance outstanding in the account of the deceased depositor will be transferred to the account of/paid to the nominee after the Bank satisfies itself about the identity of the nominee, etc.
- iii. The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.
- iv. In a joint deposit account when one of the joint accountholders dies, the Bank is required to make payment jointly to the legal heirs of the deceased person and the surviving depositor(s).

However, if the joint holders had given mandates for disposal of the balance in the account in the forms such as either or survivor, former/latter or survivor, anyone or survivors or survivor; etc., the payment will be made as per the mandate to avoid delays in production of legal papers by the heirs of the deceased.

- v. In the absence of nomination and when there are no disputes among the claimants, the Bank will pay the amount outstanding in the account of deceased person against joint application by all legal heirs or the person mandated by the legal heirs to receive the payment on their behalf without insisting on legal documents up to the limit approved by the Bank's board. This is to ensure that the common depositors are not put to hardship on account of delays in completing legal formalities. For the amount outstanding over the prescribed limit the necessary legal formalities as prescribed by the Bank from time to time need to be completed.

17. Interest Payable on Term Deposit in Deceased Depositor's Account

- I. In the event of the death of the depositor before the date of maturity of the deposit and amount of the deposit is claimed after the date of maturity, the Bank shall pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the Bank shall pay simple interest at the applicable rate operating on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity as per the Bank's policy in this regard.
- II. If the amount of deposit is claimed before the date of maturity, interest at the rate applicable to the period for which the deposit has remained with the Bank will be paid.
- III. However, in the case of death of the depositor after the date of maturity of the deposit, interest shall be paid at the contracted rate till the date of maturity and the Bank shall pay interest at savings deposit rate operative on the date of maturity, from the date of maturity till the date of payment.

18. Insurance Cover for Deposits

All bank deposits are covered under the insurance scheme offered by the Deposit Insurance and Credit Guarantee Corporation of India (DICGC). The details of the insurance cover in force will be made available to the depositor.

Bank while offering deposit products linked to insurance benefits will give choice to the customer for availing the insurance benefit and will explicitly specify the insurance cost if the depositor opts for insurance cover.

19. Stop Payment Facility

The Bank will accept stop payment instructions from the depositors in respect of cheques issued by them. Charges, as specified, will be recovered.

20. Inoperative Accounts

Accounts which are not operated for a period of two years will be classified as dormant/inoperative accounts in the interest of the depositor as well as the Bank. The depositor will be informed of charges, if any, which the bank will levy on dormant/inoperative accounts. The depositor can request the bank to activate the account for operating it after complying with the conditions as per KYC norms.

Balances lying in Unclaimed Deposits/Inoperative Accounts for more than 10 years shall be transferred to Deposit Education and Awareness Fund (DEAF) account, in line with RBI guidelines. Further, any amount payable in foreign currency under an instrument or a transaction, that has remained unclaimed for ten years or more, shall at the time of transfer to the Fund shall be converted into Indian Rupees at the exchange rate prevailing on that date and in the event of a claim, the Fund shall be liable to refund only the Indian Rupees received by the Fund with respect to such instrument or transaction. The detailed process w.r.t. unclaimed deposit is available in branch Departmental Instruction Book(DIB).

21. Accounts of Transgender persons

- 21.1. In case of a person claiming to be transgender and needs to open account or to do any banking transaction, the person will be recognised as 'Third Gender' and the details shall be accepted in the AOFs/or other applicable forms as such.
- 21.2. The salutation of such person shall be 'Mx'
- 21.3. All transgender customers shall be treated equally to other male/female customers without any discrimination.

22. Redressal of Complaints and Grievances

Depositors having any complaint/grievance with regard to services rendered by the Bank has a right to approach authority(ies) designated by the Bank for handling customer complaint/grievances. The details of the internal set up for redressal of complaints/grievances will be displayed in the branch premises. The branch officials shall provide all required information regarding procedure for lodging the complaint. The same details are available in our website. In case the depositor does not get response from the Bank within 30 days from date of complaint or he is not satisfied with the response received from the Bank, he has a right to approach RBI Ombudsman appointed by the Reserve Bank of India. More details on RBI's Integrated Ombudsman Scheme and Complaint Management System are available on <https://cms.rbi.org.in/cms/indexpage.html#eng>